

## Weak GDP data in Australia highlights the impact of elevated rates. In the US, unemployment rate rises to a two-year high.

### Economic data

In Australia, GDP expanded as per market expectations at just 0.2% in Q4 and 1.5% YoY. A sign that the economy is stalling, this suggested that the RBA's monetary policy has gained more traction.

In the US, job growth totaled 275,000 in February, but the unemployment rate rose to 3.9%. Fed Chair Powell told Congress that the central bank was "not far" from being able to cut interest rates.

### Rates

Australian yields fell across last week, with 2-year yields declining 0.09% to 3.72%, while 10-year yields dropped 0.17% to 3.97%.

GDP figures showed that the Australian economy slowed to a crawl in Q4 2023 amidst weak consumer spending. GDP rose 0.2%, compared with an upwardly revised 0.3% expansion for Q3. Annual growth slowed to 1.5% YoY, down from 2.1% for the previous quarter, marking the lowest since early 2021. While both QoQ and YoY figures were in line with expectations, it is clear alongside other key prints that monetary policy is restrictive and having an impact on the economy, building an increasingly compelling case for rate cuts. Treasurer Jim Chalmers commented that inflation is still the RBA's "primary concern", but declared that the balance of risks in the economy is shifting from inflation to growth.

In the US, 2-year Treasury yields ended the week 0.06% lower at 4.47%. 10-year yields followed suit, declining 0.10% to 4.07%.

Labour market data last week saw US job growth accelerating, as nonfarm payrolls increased by 275,000 for the month, topping expectations of around 200,000. Wage growth also increased as average hourly earnings gained 0.1% last month, a 4.3% growth on a YoY basis. Yet, the unemployment rate rose to a two-year high of 3.9%. This followed three straight months in which the figure held at 3.7%, an indication of softening underlying labour market conditions. In the same week, Fed Chair Powell testified before Congress. Reiterating the Fed's cautious rate-cutting stance, Powell mentioned that inflation "has eased notably", though still not showing enough progress to the 2% target. This was followed by remarks that the Fed was "not far" from gaining the confidence it needs in falling inflation to begin cutting rates. Yields edged lower in reaction to Powell's testimony, and market consensus continues to price in an initial Fed cut in June.

### Credit

Credit spreads crept lower, with the Australian iTraxx index trending slightly downwards to 62bps.

### Other markets

Commodities were largely positive over the week with the CRB index gaining 0.4% to 525.9. Gold scaled new record highs and finished the week up 4.6% at USD 2,179 per ounce, while iron ore price bucked upwards by 0.7% to USD 116.55 per ton. On the contrary, the price of oil fell by 2.5% to USD 78.0 per barrel.

In FX, the US dollar weakened against the major currencies, with the AUD/USD 1.5% higher at 0.662. The EUR/USD rose 0.9% to 1.094, alongside the GBP/USD increasing 1.6% to 1.286. Meanwhile, the Yen appreciated as speculation that the BOJ will end negative rates this month mounts, with the USD/JPY moving downwards by 2.0 % to end at 147.1.

The S&P 500 index slipped after hitting another record high during the week, closing 0.3% lower at 5,124. The Nikkei raced past 40,000 for the first time ever, albeit retreating to end the week 0.6% lower at 39,689, snapping five consecutive weeks of gains. The FTSE 100 index dipped 0.3% to 7,660, while the ASX continued upwards by 1.3% to 7,847.

### The week ahead

In Australia, the NAB Business Survey for February will be released this week. The US market turns to inflation and retail sales data.

## BlackRock Fixed Income Product Strategy

The Market Data Dashboard is for wholesale clients only and not for distribution to retail clients. The next page provides an overview of changes in key market rates and prices over the week and the month. Focus is given to fixed income markets, but there is also some currency, commodity, and equity market data. The dashboard provides start and end values for each period as well as "sparkline" charts which provide an indication of the path of changes over the period.

### For more information:

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### BlackRock Australia Fixed Income

# Market Data Dashboard

			Week							Month						
			1-Mar	8-Mar	Move	%	Min	Max	Range	7-Feb	8-Mar	Move	%	Min	Max	Range
Rates	Australia	RBA Cash	4.35	4.35	0.00		4.35	4.35	0.00	4.35	4.35	0.00		4.35	4.35	0.00
		12m Implied Cash	3.85	3.77	(0.08)		3.77	3.88	0.10	3.81	3.77	(0.04)		3.77	4.01	0.24
		30 day BBSW	4.30	4.30	(0.00)		4.30	4.30	0.01	4.30	4.30	(0.01)		4.29	4.31	0.01
		90 day BBSW	4.34	4.35	0.01		4.34	4.35	0.01	4.35	4.35	0.00		4.33	4.35	0.02
		2Y Govt Bond	3.81	3.72	(0.09)		3.72	3.81	0.09	3.75	3.72	(0.03)		3.72	3.94	0.22
		10Y Govt Bond	4.14	3.97	(0.17)		3.97	4.14	0.17	4.09	3.97	(0.11)		3.97	4.27	0.29
		3-10 Fut. Curve	44.5	38.5	-6.0		38.5	44.5	6.0	47.0	38.5	-8.5		38.5	47.0	8.5
		Nov-2027 Real Yield	1.23	1.16	(0.06)		1.16	1.23	0.06	1.15	1.16	0.01		1.14	1.31	0.17
	US	Fed Funds Target	5.50	5.50	0.00		5.50	5.50	0.00	5.50	5.50	0.00		5.50	5.50	0.00
		2Y Treasury	4.53	4.47	(0.06)		4.47	4.60	0.13	4.43	4.47	0.04		4.43	4.72	0.29
		10Y Treasury	4.18	4.07	(0.10)		4.07	4.21	0.14	4.12	4.07	(0.05)		4.07	4.32	0.25
		2-10 Curve	(35)	(40)	(5)		(45)	(35)	10	(31)	(40)	(9)		(45)	(29)	16
		10Y Real Yield	1.86	1.79	(0.07)		1.79	1.87	0.08	1.89	1.79	(0.09)		1.79	2.02	0.23
	Aus/US	2Y Spread	(72)	(75)	(3)		(75)	(72)	3	(68)	(75)	(7)		(71)	(77)	(7)
		10Y Spread	(4)	(10)	(6)		(10)	(4)	6	(3)	(10)	(7)		(10)	(6)	5
	UK	BoE Bank Rate	5.25	5.25	0.00		5.25	5.25	0.00	5.25	5.25	0.00		5.25	5.25	0.00
	Euro	ECB Refi Rate	4.50	4.50	0.00		4.50	4.50	0.00	4.50	4.50	0.00		4.50	4.50	0.00
Credit	Australia	Aus iTraxx	63	62	(1)		62	64	2	68	62	(6)		62	69	7
		AA 5Y vs Bond	108	106	(2)		106	110	(4)	113	106	(7)		106	113	(7)
		BBB 5Y vs Bond	166	168	2		166	169	(3)	169	168	(1)		163	169	(5)
	US	CDX Inv. Grade	52	50	(2)		50	52	2	56	50	(6)		50	56	6
		CDX High Yield	334	329	(5)		329	337	8	355	329	(26)		329	355	26
	Euro	Euro iTraxx	55	52	(3)		52	55	3	60	52	(8)		52	60	8
Currencies	AUD/USD		0.653	0.662	0.010	1.5%	0.650	0.662	0.012	0.652	0.662	0.010	1.6%	0.645	0.662	0.017
	EUR/USD		1.084	1.094	0.010	0.9%	1.084	1.095	0.011	1.077	1.094	0.017	1.6%	1.071	1.095	0.024
	GBP/USD		1.266	1.286	0.020	1.6%	1.266	1.286	0.020	1.263	1.286	0.023	1.8%	1.257	1.286	0.029
	USD/JPY		150.1	147.1	-3.1	-2.0%	147.1	150.5	3.5	148.2	147.1	-1.1	-0.8%	147.1	150.8	3.7
	AUD/JPY		98.0	97.5	-0.5	-0.5%	97.5	98.1	0.6	96.6	97.5	0.8	0.9%	96.6	98.8	2.2
Comds	Oil	WTI Crude	80.0	78.0	-2.0	-2.5%	78.0	80.0	2.0	73.9	78.0	4.2	5.6%	73.9	80.0	6.1
	Gold	US\$	2,083	2,179	96	4.6%	2,083	2,179	96	2,035	2,179	144	7.1%	1,992	2,179	187
	Iron Ore	US\$	115.70	116.55	1	0.7%	115.70	118.45	2.8	126.0	116.6	-9.5	-7.5%	115.7	131.0	15.3
	All	CRB Index	523.9	525.9	2	0.4%	523.9	529.3	5.4	516.9	525.9	9.0	1.7%	516.9	529.3	12.3
Equities	Australia	ASX200 Price Index	7,746	7,847	101	1.3%	7,724	7,847	123	7,616	7,847	231	3.0%	7,548	7,847	299
	US	S&P500 Price Index	5,137	5,124	(13)	-0.3%	5,079	5,157	79	4,995	5,124	129	2.6%	4,953	5,157	204
	Japan	Nikkei 225 Price Index	39,911	39,689	(222)	-0.6%	39,599	40,109	511	36,120	39,689	3,569	9.9%	36,120	40,109	3,989
	UK	FTSE 100 Price Index	7,683	7,660	(23)	-0.3%	7,640	7,692	52	7,629	7,660	31	0.4%	7,512	7,729	216

Source: Bloomberg

Australia Fixed Income